



# Appropriations Update

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## FISCAL YEAR 2005 CONSOLIDATED APPROPRIATIONS ACT Conference Report

### SUMMARY

The conference report accompanying the consolidated appropriations act (H.R. 4818; H. Rept. 108-792) provides \$388.806 billion in budget authority to dispense with the nine annual spending bills not yet enacted for fiscal year 2005: Agriculture; Commerce, Justice, State; Energy and Water; Foreign Operations; Interior; Labor, Health and Human Services; Legislative Branch; Transportation and Treasury; and Veterans' Affairs/Housing and Urban Development. Agencies and programs funded by these appropriations bills operated under a continuing resolution between the beginning of the fiscal year on 1 October 2004 and 8 December 2004, when the President signed this legislation (Public Law 108-447).

Enactment of this conference report concludes the normal appropriations process for fiscal year 2005. In total, those appropriations provide \$822.300 billion in discretionary budget authority [BA]. This includes the application of a

0.8-percent across-the-board reduction to accounts other than those funded by fiscal year 2005 appropriations bills for Defense, Homeland Security, and Military Construction. This reduction – aimed at bringing the measure near the level of the total amount prescribed in the budget – provides \$3.491 billion in BA savings. The bill also includes other offsets and minor changes to each of the four previously enacted appropriation bills – Defense, District of Columbia, Homeland Security, and Military Construction.

The total amount for all the enacted appropriations measures exceeds the applicable limits in the fiscal year 2005 budget resolution by \$381 million, and hence violates the Congressional Budget Act. The overage, however, represents a modest 0.05 percent of total discretionary spending, and is due mainly because a payment limit established for the Crime Victims Fund yielded \$273 million less in savings than expected.

### COST OF THE LEGISLATION

The conference report provides \$388.806 billion in new BA and \$450.209 billion in outlays for 2005, an increase of \$5.536 billion in BA and \$27.971 billion in outlays from fiscal year 2004. Total non-emergency discretionary BA for all 13 appropriations bills is \$822.300 billion and non-emergency outlays is \$906.345 billion. (See Table 1 on the next page.)

Overall, non-emergency spending increases by approximately 4.3 percent over fiscal year 2004. In particular, nondefense Homeland Security funding increases by 14.6 percent, while Defense spending increases by 6.5 percent, and other government operations increase by 0.9 percent. (See Table 2, next page).

The measure includes reductions of \$10.917 billion in BA and \$2.859 billion in outlays through the use of offsets. These offsets provide for \$7.426 billion in savings relative to current law, and consist of the following: \$2.683 billion in rescissions of appropriations provided in prior years, with \$141 million in related outlays; changes to mandatory programs – programs not subject to annual appropriations – that generate net savings of \$4.486 billion in BA and \$854 million in outlays; and a deferral of appropriated funds worth \$257 million in BA only.

In addition, the conference report includes an across-the-board reduction of 0.8 percent that applies to all regular fiscal year 2005 appropriations acts, except for Defense,

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Homeland Security, and Military Construction. (The cut does apply to the fiscal year 2005 appropriation for Homeland Security in the fiscal year 2004 appropriation bill, resulting in a \$20-million decrease in BA.) This reduction provides for savings – relative to the total of amounts provided for individual appropriations accounts – of \$3.491 billion in BA and \$1.864 billion in outlays.

The bill provides \$400 million in emergency-designated BA, with \$168 million in related outlays, for the Low-Income

Home Energy Assistance Program (\$300 million); peacekeeping operations in Sudan (\$93 million); and emergency preparedness for the U.S. Postal Service (\$7 million). This spending is subject to the across-the-board cuts, and is further offset by a \$1-million reduction in emergency-designated budget authority and outlays from the Department of Agriculture Farm Service Agency. Finally, the measure also contains \$23.183 billion in routine advance appropriations – funding provided for a year after the budget year – for fiscal year 2006.

**Table 1: Fiscal Year 2005 Consolidated Appropriations Bill**  
(millions of dollars)

	Budget Authority	Outlays
Previously Enacted Appropriation Bills	433,494	456,136
Total Consolidated Appropriations Bill	388,806	450,209
<i>Total Appropriation Actions<sup>a</sup></i>	<i>392,297</i>	<i>452,073</i>
<i>0.8 Percent Across-the-Board Cut<sup>b</sup></i>	<i>-3,491</i>	<i>-1,864</i>
<b>Total</b>	<b>822,300</b>	<b>906,345</b>
302(a) Allocation	821,919	905,748
<b>Difference</b>	<b>381</b>	<b>597</b>

<sup>a</sup>The Consolidated Appropriations bill contains four changes to previously enacted appropriations bills: an additional \$2 million in BA and outlays for Defense, a reduction of \$20 million in BA and \$153 million in outlays for Homeland Security, a reduction of \$4 million in BA and \$3 million in outlays for the District of Columbia related to the 0.8 percent across-the-board cut, and a shift in Military Construction Navy and Navy Reserve funds resulting in a net zero change.

**Table 2: Growth in Non-Emergency Discretionary Budget Authority**  
(millions of dollars)

	2004 August Baseline	2005 Enacted Appropriations	Difference	Percent Change
Homeland Security (Non-Defense)	36,259	41,545 <sup>a</sup>	5,286	14.6%
Department of Defense	384,853	409,903	25,050	6.5%
Other Government Operations	367,442	370,852	3,410	0.9%
Total Discretionary Budget Authority	788,554	822,300	33,746	4.3%

<sup>a</sup>Assumes amounts designated as Homeland Security spending in the fiscal year 2005 administration budget request were fully funded.

## COMPLIANCE WITH THE BUDGET RESOLUTION

As noted above, this measure completes the regular appropriations process for fiscal year 2005. The \$822.300 billion in fiscal year 2005 discretionary BA – the total of this conference report and the \$433.494 billion in previously enacted appropriations measures – exceeds by \$381 million

the 302(a) BA allocation of \$821.919 billion. This results in a violation of 302(f) of the Congressional Budget Act, which prohibits the consideration measures in excess of a committee's 302(a) allocation. (Final appropriations action also exceeds the 302(a) outlay allocation by \$597 million.)

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The conference report also violates section 311(a) of the Budget Act. This section prohibits consideration of bills that exceed a subcommittee's 302(b) suballocation of new BA. Six of the 13 appropriations bills exceed the allocation of new BA to their respective subcommittees.

Finally, the conference report does not comply with section 501 of the fiscal year 2005 budget resolution. This section

limits the programs for which advance appropriations may be provided, and limits the total amount of advance appropriations to \$23.158 billion. This conference report provides fiscal year 2006 advance appropriations of \$23.183 billion, \$25 million more than the amount allowed under the fiscal year 2005 budget resolution. (It should be noted that all accounts included in the bill were listed in the resolution and are eligible for advance appropriations.)

**Table 3: Net Discretionary Spending in the Consolidated Appropriations Bill**  
(in millions of dollars)

	2004 Budget Authority <sup>a</sup>	2004 Outlays <sup>a</sup>	2005 Budget Authority <sup>b,c</sup>	2005 Outlays <sup>b,c</sup>	Difference BA	Difference Outlays
Agriculture .....	17,747	18,090	16,833	18,378	-914	288
Commerce, Justice, State .....	38,764	39,198	39,826	40,215	1,062	1,017
Energy and Water .....	27,255	26,583	28,256	28,027	1,001	1,444
Foreign Operations .....	17,563	19,439	19,545	26,740	1,982	7,301
Interior .....	19,694	19,213	19,875	19,927	181	714
Labor, HHS .....	139,650	133,350	142,394	141,522	2,744	8,172
Legislative Branch .....	3,525	3,501	3,546	3,688	21	187
Transportation, Treasury .....	28,382	66,207	25,484	70,152	-2,898	3,945
Veterans Affairs, HUD .....	90,690	96,657	93,069	101,715	2,379	5,058
Previously Enacted Appropriations <sup>d</sup> .....	0	0	-22	-155	-22	-155
Total .....	383,270	422,238	388,806	450,209	5,536	27,971

<sup>a</sup> Does not include \$87.320 billion in BA and \$38.089 billion in outlays included in the fiscal year 2004 Iraq conflict supplemental (Public Law 108-106), the \$28.157B in BA and \$480 million in outlays included in the 2005 Defense Appropriations bill for non-Defense agencies (PL 108-287), or the \$2.0 billion in BA for 2004 Disaster Relief Supplemental (Public Law 108-303).

<sup>b</sup> Does not include \$14.528 billion in BA and \$7.024 billion in outlays from the fiscal year 2005 Emergency Appropriations for Hurricane Disaster Assistance Act (Public Law 108-324).

<sup>c</sup> Fiscal year 2005 budget authority and outlays includes savings resulting from 0.8 percent across-the-board reduction.

<sup>d</sup> The Consolidated Appropriations Act contains four changes to previously enacted appropriations bills: an additional \$2 million in BA and outlays for Defense, a reduction of \$20 million in BA and \$153 million in outlays for Homeland Security, a reduction of \$4 million in BA and \$3 million in outlays for the District of Columbia related to the 0.8 percent across-the-board cut, and a shift in Military Construction Navy and Navy Reserve funds resulting in a net zero change.

## OFFSETS

### Rescissions

The conference report rescinds \$2.683 billion in BA and \$141 million in related outlays of various programs. Most of the rescissions come from the Department of Housing and Urban Development (\$2.321 billion), largely from the housing certificate fund (\$1.557 billion in BA, with no related outlays). Budget authority also is rescinded from the Department of Commerce (\$194 million); the General Services Administration (\$106 million); and the Departments of Transportation (\$18 million), Agriculture (\$12 million), Treasury (\$5 million), Commerce (\$4 million), and other programs (\$23 million).

### Across-the-Board Reductions

The conference report includes an across-the-board reduction of 0.8 percent, to be taken against all the regular appropriations acts for fiscal year 2005, with the exception of those for Defense, Homeland Security and Military Construction. (The cut did include fiscal year 2005 advance appropriations for Homeland Security.) This provision directs a rescission of BA to be applied to each program, project and activity provided in these appropriations acts. The reduction generates savings of \$3.491 billion in BA and \$1.864 billion in outlays.

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### Changes in Mandatory Programs

The agreement contains changes to mandatory programs – programs not subject to annual appropriations – that generate net savings of \$4.486 billion in BA and \$854 million in outlays to offset discretionary programs. These savings are due to changes in the following programs: Department of Transportation (\$1.855 billion); Department of Agriculture (\$1.437 billion); Department of Justice (\$950 million); Department of Labor (\$100 million); Department of Interior (\$30 million); U.S. Forest Service (\$20 million); and other programs (\$136 million). The Department of Justice figure includes \$888 million in BA savings due to a limitation capping the payout for the Crime Victims' Fund.

These savings are partly offset by changes in mandatory programs in the Legislative Branch, which resulted in a cost of \$42 million. The four previously enacted fiscal year 2005 appropriations measures did not include any changes in mandatory programs.

### Deferral

The bill defers \$257 million in BA – not required for obligation in fiscal year 2005 – for the Department of Energy's clean coal technology program. This makes the funds available in fiscal year 2006. This is considered a savings because the BA had been available for obligation in the current year. The deferral provides no outlay savings.

**Table 4: Fiscal Year 2005 Consolidated Appropriation Bill Offsets**  
(in millions of dollars)

	2005 Budget Authority	2005 Outlays
Rescissions	-\$2,683	-\$141
Across-the-Board Reduction	-\$3,491	-\$1,864
Changes in Mandatory Programs	-\$4,486	-\$854
Deferral	<u>-\$257</u>	<u>\$0</u>
Total Offsets	-\$10,917	-\$2,859

Note: Negative sign indicates a reduction in spending through the use of offsets.

## BREAKDOWN AND DISCUSSION

The conference agreement provides \$5.536 billion more than fiscal year 2004 spending (see Table 3 on the previous page). This figure excludes the fiscal year 2004 Iraq conflict supplemental (Public Law 108-106); supplemental funds included in the fiscal year 2005 Defense appropriations bill (Public Law 108-287); and supplemental fiscal year 2005 disaster relief funds (Public Law 108-303). The discussion below breaks down spending in the omnibus measure by the respective Appropriations subcommittees.

### Agriculture

Spending decreases a net of \$914 million compared to fiscal year 2004. Reductions are made in the following: Natural Resources Conservation Service (\$727 million); other Agriculture Department activities (\$553 million); Cooperative State Research, Education and Extension (\$201 million); Foreign Agriculture Service (\$159 million); Farm Service Agency (\$39 million); Rural Development (\$29 million); Rural Housing Service (\$23 million); and the 0.8-

percent across-the-board reduction (\$149 million). These decreases are offset by increases in Food and Nutrition Services (\$588 million); Agricultural Research Services (\$154 million); the Animal, Plant Health Inspection Service (\$99 million); Food and Drug Administration (\$72 million); the Food Safety and Inspection Service (\$49 million); and other activities (\$4 million).

### Commerce, Justice, and State

Compared with fiscal year 2004, spending increases \$1.062 billion, due to increases in the following: the Department of State (\$657 million); the Department of Commerce (\$557 million); the Judicial Branch (\$349 million); and the Department of Justice (\$95 million). These increases are partly offset by the 0.8- percent across-the-board reduction (\$339 million), and decreases to other programs (\$257 million, including an additional across-the-board cut to Commerce, Justice, and State programs of about 0.57 percent, or \$229 million).

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### **Energy and Water Development**

Spending grows by \$1.001 billion compared to fiscal year 2004. Increases are provided in the Department of Energy-Defense-related activities (\$751 million); Department of Energy-nondefense activities (\$738 million); the Army Corps of Engineers (\$146 million); and the Department of the Interior (\$28 million). These are partly offset by a decrease in other programs (\$430 million) and the 0.8 percent across-the-board cut (\$232 million).

### **Foreign Operations**

This area increases a net of \$1.982 billion from fiscal year 2004, due to the following increases: International Security Assistance (\$956 million); Agency for International Development (\$741 million); Millennium Challenge (\$506 million); the Department of State (\$90 million); other programs (\$43 million); and the Executive Office of the President (\$15 million). These increases are partly offset by the 0.8-percent across-the-board cut (\$160 million), as well as decreases in Multilateral Assistance (\$140 million) and other international assistance programs (\$69 million).

### **Interior**

An increase of \$181 million compared with fiscal year 2004 results from increases in the following: Department of the Interior (\$241 million); Department of Agriculture-Forest Service (\$234 million); and Department of Health and Human Services-Indian Health Services (\$106 million). These increases are partly offset by decreases due to the 0.8 percent across-the-board cut (\$161 million); Department of Energy (\$153 million); and other programs (\$86 million).

### **Labor, Health and Human Services, Education**

Spending increases \$2.744 billion compared to fiscal year 2004, due to increases in the following: the Department of Education (\$1.383 billion); other Health and Human Services (\$942 million); the National Institute of Health (\$802 million); other activities (\$410 million); the Department of Labor (\$353 million); and Department of Energy Weatherization grants (\$3 million). These increases are partly offset by the 0.8-percent across-the-board reduction (\$1.149 billion).

### **Legislative Branch**

An increase of \$21 million from fiscal year 2004 occurs due to increases in the following: the House of Representatives

(\$42 million); the Library of Congress (\$27 million); Capitol Police (\$22 million); the Senate (\$14 million); the General Accountability Office (\$14 million); other programs (\$5 million); and the Congressional Budget Office (\$1 million). These increases are partly offset by decreases in the Architect of the Capitol (\$61 million); the 0.8-percent across-the-board cut (\$29 million); and the Government Printing Office (\$14 million).

### **Transportation and Treasury**

Spending decreases by \$2.898 billion due to decreases in the following: Federal Election and Election Assistance Committees (\$1.477 billion); Federal Highway Administration (\$700 million); Federal Transit Administration (\$489 million); 0.8-percent across-the-board cut (\$456 million); Federal Aviation Administration (\$332 million); other Transportation programs (\$84 million); Federal Motor Carrier Safety Administration (\$4 million); Department of Treasury (\$3 million); the Executive Office of the President (\$3 million); and allowances (\$1 million); as well as \$125 million in savings resulting from a debt collection initiative to utilize the National Directory of New Hires to obtain information on individuals who owe delinquent non-tax debt to the United States. These decreases are partly offset by increases in other programs (\$497 million); the General Services Administration (\$136 million); Internal Revenue Service (\$134 million); Research and Special Programs Administration (\$5 million); the Office of Personnel Management (\$3 million); and the Legislative Branch (\$1 million).

### **Veterans' Affairs and HUD**

An overall increase of \$2.379 billion compared with fiscal year 2004 results from increases in the following: Veterans' Affairs (\$1.720 billion); Housing and Urban Development (\$954 million); National Aeronautics and Space Administration (\$823 million); and other programs (\$12 million). These increases are partly offset by decreases from the 0.8-percent across-the-board cut (\$792 million); in the Environmental Protection Agency (\$277 million); and in the National Science Federation (\$61 million).

### **Previously Enacted Appropriations**

The omnibus appropriations legislation includes changes affecting the four previously enacted appropriation bills. These changes appear in Division J of the Consolidated Appropriations Act. In the Defense bill, \$2 million in new BA is added for Navy shipbuilding. The District of

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Columbia measure is made subject to the 0.8-percent across-the-board reduction, resulting in savings of \$4 million in BA. Funds for Military Construction were transferred among accounts, resulting in a net zero change. Finally,

Homeland Security is reduced by \$20 million in BA related to the 0.8 percent across-the-board reduction, as well as for language related to visa reform that resulted in \$152 million in outlay savings.

#### **AUTHORIZATION ISSUES**

The conference report contains two authorization provisions with budgetary effects. The first provision, in Section 135 of Division E, provides for a 9-month extension of certain fees under the Surface Mining Control and Reclamation Act of 1977 for coal produced after 30 September 2004. These fees are classified as revenue and are estimated to be \$136 million in fiscal year 2005.

The second provision, contained in Title IX of Division J, establishes the Satellite Home Viewer Extension and

Reauthorization Act of 2004, resulting in an increase in revenue of \$38 million in fiscal year 2005.

The measure contains several other authorizing provisions with no budgetary impact. These provisions include the reauthorization of the Small Business and Manufacturing Act and the National Pre-disaster Mitigation Program; changes related to transportation funds and charter schools in the District of Columbia; and the designation of the National Tree.

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